

SUBCOMMITTEE NO. 4

Agenda

Mike Machado, Chair
Christine Kehoe
Tom McClintock



Monday, April 24, 2006
4:00 p.m. or Upon Adjournment of Public Employment
and Retirement Committee
Room 2040

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0690 Office of Emergency Services

The Office of Emergency Services (OES) coordinates emergency activities to save lives and reduce property losses during disasters and acts as the state's conduit for federal assistance related to recovery from disasters. The emergency planning is based on a system of mutual aid in which a jurisdiction first relies on its own resources and then calls for assistance from its neighbors.

Office of Emergency Services – Program Expenditures					
Program	<i>Expenditures (dollars in thousands)</i>				
	2004-05	2005-06	2006-07	\$ Change	% Change
Support of Office of Homeland Security	\$0	\$0	\$170,217	\$170,217	n/a
Mutual Aid Response	17,339	20,557	16,522	-4,005	-19.5%
Plans and Preparedness	143,772	363,548	35,693	-327,855	-90.2%
Disaster Assistance	591,614	635,609	616,463	-19,146	-3.0%
Criminal Justice Projects	189,763	242,421	198,329	-44,092	-18.2%
CA Anti-Terrorism Information Center	6,700	6,700	6,811	111	1.7%
Administration and Executive	6,823	7,140	7,259	119	1.7%
Distributed Administration and Executive	-5,928	-6,234	-6,338	104	1.7%
Support of Other State Agencies			11,000	11,000	n/a
Office of Homeland Security	1,174	33,327	0	-33,327	-100.0%
Totals, Programs	\$951,257	\$1,303,068	\$1,055,95	-\$247,112	-19.0%
Total Authorized Positions	431.7	505.9	497.1	-8.8	-1.7%

Budget Request. The budget proposes total expenditures of \$1.1 billion (\$124.6 million General Fund, \$897.7 million federal funds, \$33.6 million special funds and reimbursements), a decrease of \$247.1 million, or 19 percent, from the estimated current-year expenditures. The major reasons for the reduction include: creation of a separate budget item for the Office of Homeland Security, effective January 1, 2007 (\$180.8 million); an adjustment to reflect updated disaster assistance payments (\$17.4 million); and a reduction in federal criminal justice grants (\$16.9 million). The majority of funding for OES is local assistance (\$961.4 million).

April 1 Finance Letters Requests Proposed for Vote-Only**A. Consumer Price Index Adjustment to the Nuclear Planning Assessment Special Account.**

Finance Letter Request. This Finance Letter proposes an increase from the Nuclear Planning Assessment Special Fund of \$120,000, pursuant to Government Code Section 8610.5. This is an annual adjustment based on economic changes reflected in the California Consumer Price Index.

B. Adjustment to Reflect Updated Disaster Assistance Payment Projections

Budget Request. The budget proposes to reduce OES's General Fund disaster assistance authority by \$19.6 million to reflect the latest local assistance payment projections and to remove authority for a one-time state operations augmentation related to the 2005 Southern California Winter Storms. The Subcommittee previously held this issue open pending additional information on the estimated costs for disaster response and recovery from the 2006 Winter Storms.

Finance Letter Request. This Finance Letter proposes an increase from the General Fund of \$23.7 million to fund the estimated costs of response to, and recovery from disasters, including the recent federally-declared disaster known as the 2006 Winter Storms. This amount represents the state's share of the costs of disaster response and recovery, as defined in the California Disaster Assistance Act.

C. Federal Residential Substance Abuse Treatment Funding

Finance Letter Request. This Finance Letter proposes a decrease of \$9.1 million in federal fund authority, to eliminate the Residential Substance Abuse Treatment (RSAT) funding that is no longer provided by the federal government.

Staff Recommendation. No issues have been raised regarding these requests. Staff recommends approval of these Finance Letter requests.

Action

Discussion Issues

1. Sexual Assault Felony Enforcement Grant Program

Budget Request. The budget proposes \$6 million in General Fund support for Sexual Assault Felony Enforcement (SAFE) teams. This includes \$5.7 million in local assistance, with the remainder used to support new OES staff to administer the program. Chapter 1090, Statutes of 2002 (AB 1858, Hollingsworth), authorizes these teams as partnerships between local, state, and federal law enforcement to: (1) proactively monitor habitual sexual offenders and (2) collect data to determine if proactive law enforcement is effective in reducing violent sexual assault offenses. No state appropriation accompanied the bill. This proposal would provide General Fund support to enhance existing local and regional teams and to establish programs in counties where they do not already exist. Funding would be allocated to counties with 200 or more registered sex offenders (about 40 counties) based on each county's proportionate share of the offending population.

Concerns Raised by the LAO. The LAO indicates that the administration was unable to provide even the most basic information regarding the proposed grants. The LAO reports that the administration was unable to provide information about how many such programs currently exist and how they are currently funded. In addition, Chapter 1090 specifically requires SAFE teams to collect data regarding their effectiveness. Yet, according to the LAO, the administration could not provide any such data or analysis documenting the teams' level of success to date. The LAO notes that the proposal also fails to demonstrate why state funding is necessary if the teams have been operating for the past several years without any state assistance. In addition, the LAO notes that the OES has been struggling to meet basic budgeting and accounting standards for the criminal justice programs transferred from the former Office of Criminal Justice Planning. The LAO believes that the financial problems will require ongoing attention by the department's executive management for the next several years and that the department should be focused on meeting basic accounting and budgeting standards, rather than the development of new grant programs.

Analyst's Recommendation. The LAO recommends rejection of this proposal.

Staff Recommendation. At the hearing on March 23, the Subcommittee left this item open. The Legislature is considering SB 1128, Alquist, which contains provisions related sex offenders generally, including the establishment and funding for SAFE Teams. Staff recommends rejecting the funding here, and allowing the issue to be moved forward in the proposed legislation.

Action.

2. Disasters and State Emergencies -- Informational Issue

On February 24, 2006, the Governor declared a state of emergency for the state's levee system due to the imminent threat of catastrophic levee failure. The emergency proclamation cites a report by the U.S. Army Corps of Engineers in cooperation with the California Department of Water Resources (DWR) from December 2005 which identified 24 critical erosion sites on project levees in the Sacramento and San Joaquin River Flood Control systems. The declaration allows the Governor to use monies from the state's budget reserve for levee repair. On March 7, 2006, the Governor signed Executive Order S-01-06 instructing the DWR to repair the 24 identified critical levee erosion sites.

Comments. The Subcommittee may wish to get an update on the levee emergency declaration. What is the traditional role that OES plays in declaring a state emergency, and what is the role of OES in the Governor's recent declaration of emergency regarding the levees moving forward? What is the status of levee repairs on the identified critical erosion sites? What are the estimates for the costs to repair the identified critical erosion sites? What is the status on efforts to get the federal government to declare an emergency?

Informational Issue.

3. Large Scale Disaster Preparedness.

Legislative hearings, independent analysis including the Little Hoover Commission, and agency reports all point to the conclusion that while California has done quite a bit and is far ahead of other states, there is still work to be done. These various entities have suggested significant gaps in large-scale disaster preparedness exist in areas including evacuation plans, training and exercises, and addressing the surge of cases at health centers in the event of a flu pandemic.

Comments. The Subcommittee may wish to get comments from OES regarding the planning and preparedness for medium and large scale disasters.

In terms of large scale disasters, what are the anticipated threats facing California?

Does OES prepare contingency plans for large scale disasters?

Where are the gaps or problems that may exist among the various levels of government including federal, state and local?

Is California prepared for emergencies that require mass evacuations?

What is the state's capacity to respond to a surge of patient at health care centers?

Informational Issue.

6. Radio Interoperability – Informational Issue

The Public Safety Radio Strategic Planning Committee (PSRSPC) was established by legislation in 2002 (AB 2018) as a means to develop an integrated network of systems and interoperability for state agency first responders. The agencies involved with PSRSPC represent state-level core agencies that routinely employ public safety communications to carry out their missions in state government.

The agencies that makeup the PSRSPC include: the California Highway Patrol; the Department of Transportation; the Department of Corrections; the Department of Parks and Recreation; the Department of Fish and Game; the Department of Forestry and Fire Protection; the Department of Justice; the Department of Water Resources; the Office of Emergency Services; the Emergency Medical Services Authority; the Youth Authority, the Department of General Services, and the Office of Homeland Security.

Statute provides the PSRSPC with primary responsibility in state government for developing and implementing a statewide integrated public safety communication system for state government agencies.

Pursuant to statute, in January 2006, the PSRSPC reported to the Legislature with its plan for California State public safety communications integration, modernization, and interoperability. It is both a status report of PSRSPC activities as mandated by the Public Safety Communications Act of 2002, as well as a statewide strategic plan for wireless communication modernization and interoperability. The PSRSPC membership believes this plan captures needed history and context, sets a realistic vision for the future, and recommends real-world steps that can be implemented immediately. This plan provides a "roadmap" for addressing the complex needs of California's public safety communications infrastructure.

What are the accomplishments of the PSPSPC and what are the next steps?

Informational Issue.

0685 Office of Homeland Security

The Office of Homeland Security (OHS) develops, maintains, and implements a statewide comprehensive homeland security strategy to prevent terrorist attacks within the state, reduce the state's vulnerability to terrorism, minimize damage from attacks that may occur, and facilitate the recovery effort. The OHS also serves as the state administering agency for federal homeland security grants and the state's primary liaison with the U.S. Department of Homeland Security.

Budget Request. Currently, the OHS is funded as part of the Office of Emergency Services (OES). The budget proposal reflects technical adjustments necessary for the OHS to be budgeted as an independent entity, effective January 1, 2007, if legislation is passed that establishes the Office in statute. However, the Administration has not proposed legislation to create OHS as an independent entity in a budget trailer bill.

Total funding for the OHS in the budget year is \$365 million (\$359.7 million federal funds and \$5.2 million Antiterrorism funds). Of the total proposed funding, \$330.5 million is for homeland security grants to local jurisdictions, \$22 million is for homeland security grants to other state agencies, and \$12.4 million is for support of the OHS. In the budget display, half of the funding appears in the OES budget item and half in the newly created OHS budget item. The Table below displays the combined funding from both budget items to show the total proposed budget.

Office of Homeland Security					
Program	<i>Expenditures (dollars in thousands)</i>			Change	% Change
	2004-05	2005-06	2006-07		
Support of Office of Homeland Security	\$2,987	\$11,227	\$12,436	\$1,209	10.8%
Support of Other State Agencies	n/a	n/a	22,000	22,000	n/a
Local Assistance	203,000	328,000	330,500	2,500	0.8%
Totals, Programs	\$205,987	\$339,227	\$364,936	\$25,709	7.6%
Total Authorized Positions	22	53	67	14	26.4%

Staff Comments. The support of the Office of Homeland Security program includes \$4.5 million for an interagency agreement with the Military Department to provide assistance with a statewide training and exercise program. The budget for OHS grew significantly in the current year as a result of expansions in the staff approved last year for the OHS.

The U.S. Department of Homeland Security (DHS) indicates that approximately \$1.8 billion will be available nationally for homeland security grants in federal fiscal year 2006, which began in October 2005. Because the state is currently in the process of applying for these grants, the funding is not included in the January budget. In previous years, the Department of Finance has submitted a Finance Letter in the spring once the grant awards have been made by the DHS. OHS indicates that it does not anticipate that the grant awards will be made by the federal government to include them in the budget by the time of the May Revision.

1. Homeland Security Grants – Informational Issue

Since 2000, the state has received over \$1 billion in federal homeland security funds that are administered by the OHS and by the Department of Health Services. The Table below highlights the funds administered by OHS since 2000.

OHS Federal Homeland Security Grants			
<i>Federal Fiscal Years 2000-2005</i>			
Federal Fiscal Year	Local Governments	State Agencies	Total
2000 & 2001	\$12,224,750	\$2,608,250	\$14,833,000
2002	19,965,000	4,866,000	24,831,000
2003	186,960,190	39,521,300	226,481,490
2004	282,038,527	35,091,400	317,129,927
2005*	295,808,216	30,661,056	314,922,077
Totals	\$796,996,683	\$112,748,006	\$909,744,689

*Totals for 2005 include Urban Area Security Initiative Transit Grants and the Buffer Zone Program.

Grant Management. Generally, the federal government has capped the amount allowable to the states for management and administration at 3 percent of the total grant. The following amounts were retained by OHS for management and administration (M&A):

- For funds received in federal fiscal year (FFY) 2000, 2001, and 2002, no funding for M&A was allowable.
- For FFY 2003, \$1,753,407 was retained.
- For FFY 2004, \$2,500,000 was retained.
- For FFY 2005, \$7,879,106 was retained (this represents 3 percent of the grants and was the maximum allowable under the grants).

For FFY 2006, OHS indicates that the states will be able to retain up to 5 percent for M&A. OHS expects to retain the maximum amount for M&A.

Specific Reporting and Audit Requirements. The federal government requires recipients to submit both financial and program reports. These reports describe the status of funds, the status of the project, a comparison of actual accomplishments to the objectives, and the reason(s) goals have not been met. Future awards, fund draw-downs, and modification approvals may be withheld if financial and program reports are delinquent. In addition, grantees and sub-recipients are responsible for obtaining independent audits and are responsible for follow-up and corrective action on all audit findings.

Grant Management Issues Raised Last Year. Last year, the LAO reported that its review of homeland security programs found that neither OHS nor DHS was conducting audits of local government grant recipients to ensure that the funds were being used consistent with requirements and approved proposals. In its request for additional grant management positions

last year, the OHS indicated that: (1) responses to sub-grantee award adjustment requests were delayed up to 45 days; (2) five of the last seven federally required performance reports had been submitted as much as 60 days late; (3) sub-grantee requests for technical assistance were taking on average 23 days to receive a response; and (4) sub-grantee monitoring (verification of the sub-grantee compliance with grant requirements) had not been performed at all due to lack of staff. The OHS indicates that it has corrected these problems due to the additional staff that was been provided through the budget process.

State Agency Grants. Generally, the Homeland Security Grant funding that goes to locals is allocated through a formula that is specially designated for a local region. However, the OHS does exercise some discretion over the grants made available to other state agencies. The OHS reports that in 2004 it received funding requests from state agencies totaling \$289.4 million and approved funding of \$32.6 million (11.2 percent of the total requested). For 2005, requests totaled \$202.5 million and approved funding totaled \$27.7 million, or 13.7 percent of the total requested).

OHS indicates that funding determinations have been guided by the goals and objectives of the state's overall homeland security strategy. In the past, the funding priorities have been equipping first responders, enhancing information sharing, protecting critical infrastructure, developing training and awareness courses, increasing public awareness and preparedness planning efforts.

Changes for the FFY 2006 Grants. The OHS indicates that for FFY 2006, each state and territory will receive base allocations from the State Homeland Security Program and the Law Enforcement Terrorism Prevention Program according to the USA PATRIOT Act formula. The remainder of funds will be allocated based on: (1) an analysis of risk at the state and urban area levels; and (2) the effectiveness of the state and urban areas grant proposals in reducing identified needs.

All Urban Area Security Initiative (UASI) funding will be allocated on risk and need calculated by the federal Department of Homeland Security. Previously, the federal government had funded the top 50 Urban Areas based on risk and need. For 2006, only the top 35 will be funded. As a consequence, Sacramento and San Diego have fallen off the list. These areas are eligible for continuation funding in FFY 2006, but would potentially not be eligible for future funding under this grant. In 2005, these areas were awarded \$20 million from the UASI program. For FFY 2005, California's designated UASI regions were Anaheim, Santa Ana, Oakland, San Francisco, San Jose, Los Angeles, Long Beach, Sacramento, and San Diego.

Informational Issue

2. Homeland Security Grant Expenditures – Informational Issue

Last year, as part of its review, the LAO found that the state lacked a statewide strategic approach for homeland security funding and found that expenditure of the available federal funds has been slow and that monitoring and audits of local grants had not been performed.

The Table on the following page highlights the Homeland Security Grants that California has received and highlights when those funds expire and would have to be released back to the federal government. As can be seen in the Table, the grants from FFY 2002, 2003, and 2004 are all set to expire by the end of calendar year 2006. For these years, less than half of the funding has been expended to-date. The OHS indicates that extensions have already been approved for the FFY 2002 and 2003 funds and that no additional extensions will be provided.

OHS is working with the affected local agencies to help ensure that all eligible funds are expended. OHS has indicated that it is setting up a system such that unexpended funds can be disencumbered and reprogrammed to other sub-grantees in order to be expended prior to the expiration date.

Summary of Homeland Security Grant Expenditures as of February 2006 (Federal Fiscal Years 2002 through 2005)						
Grant	Grant Award minus state Administration	Reimbursed	Percent	Balance	Percent	Grant Expiration Date
FY02 State Domestic Preparedness Program	\$24,831,179	\$24,591,272	99%	\$239,907	1%	7-31-06
FY03 State Homeland Security Grant Program Part I	45,023,000	35,676,847	79%	9,346,153	21%	9-30-06
FY03 State Homeland Security Grant Program Part II	119,256,000	87,472,534	73%	4,801,860	27%	10-31-06
FY03 Urban Areas Security Initiative Grant Part II	62,202,490	24,494,850	39%	37,707,640	61%	12-31-06
FY04 Homeland Security Grant Program	175,457,000	48,962,640	28%	126,494,360	72%	11-30-06
FY04 Urban Areas Security Initiative Grant	141,672,927	21,851,337	15%	119,821,590	85%	11-30-06
FY05 Homeland Security Grant Program	282,622,077	725,977	0%	281,896,100	100%	3-31-07
Total	\$851,064,673	\$243,775,457	29%	\$607,289,216	71%	

3. Creation of the Office of Homeland Security as an Independent Entity

The Office of Homeland Security (OHS) lacks a statutory framework. Currently, OHS is included within OES for budgetary purposes.

Budget Request. The administration proposed the creation of OHS as a separate state entity. In anticipation of administration-sponsored legislation to implement this proposal, the budget creates a new budget item (0685) for OHS. The budget assumes an effective date of January 1, 2007 for this legislation. Consequently, the office's funding for 2006-07 is split evenly between OES's budget and the new budget item. The budget bill contains language that would revert the funding back to the OES budget if legislation does not create a separate entity.

The administration has proposed that OHS and OES be separate entities, both reporting directly to the Governor. Although OHS is currently budgeted within OES, the two entities largely have been operating independently of one another. The LAO notes that although homeland security and emergency services can be distinguished from one another in some respects, the activities tend to overlap. For instance, although OHS administers the federal homeland security grants, many grant activities are related to overall emergency planning and response (overseen by OES). Given the current structure, it is likely that federal grant funds allocated by OHS have been used for more narrow homeland security purposes than if OES allocated the grants. The OES would be more likely to integrate the federal funds with existing emergency preparedness activities.

In addition, as noted earlier, the state's emergency response system depends on solid working relationships among participants. Separating grant administration from day-to-day emergency response means that local governments have to forge relationships with two separate state entities.

LAO Recommendation. The LAO recommends rejecting the proposal for a separate budget item for OHS. The LAO believes that the OHS and OES have overlapping activities and need to work closely together and that the OHS should be established as a division within OES. The LAO believes that the Legislature should provide specific statutory authorization for OHS and delineate the office's duties and powers (within OES). Such an approach would make it clear that OES is in charge in case of disaster preparedness and response.

Staff Recommendation. The OHS has indicated that no legislation has been introduced to create OHS as an independent entity. Given the issues raised by the LAO, staff recommends rejecting the proposal to create a separate budget item in the budget bill for OHS. For clarity purposes, staff recommends that the funding for OHS be provided as a separate program within the OES budget, as has been proposed in the Governor's budget for the first half of the budget year.

Action

4. Science and Technology Unit

Budget Request. The budget proposes \$465,000 in federal funds and five positions to establish a Science and Technology Unit within the OHS. The new unit would seek technology based solutions for homeland security related goals. The positions requested include a Research Manager, and 4 Research Program Specialists.

Staff Comments. The OHS indicates that the US Department of Homeland Security (USDHS) has set up a Science and Technology Directorate that supports programs in research, development, testing, and evaluation. This proposal would be to provide staffing to mirror the USDHS program. OHS indicates that the goal of the unit would be to harness scientific and technological resources to provide state and local officials with the technology and capabilities to protect California citizens.

The OHS indicates that the Science and Technology Unit will seek to counter threats of catastrophic terrorism by implementing best practices, investigating new improvements to capabilities, sharing new capabilities already in use in the private sector, other states, local agencies, and the federal government.

Staff Recommendation. If not used for this purpose, these funds would be available to state and local entities for homeland security needs. Staff recommends rejecting the funding for these new positions.

Action.

5. Administrative Unit Workload Increase

Budget Request. The budget proposes \$444,000 (\$244 federal funds and \$100,000 antiterrorism funds) and 9 positions for additional administrative and grant management support for the OHS.

Concerns Raised by the LAO. The LAO notes that the 2005-06 budget provided OHS with a four-fold increase in staffing – bringing total authorized personnel from 13 to 53. The additional staff was intended to handle the office’s growing duties, such as administering grants, reviewing dangers to infrastructure, developing the homeland security strategic plan, and related administrative duties. The LAO indicates that OHS still has 22 unfilled positions on its existing staff – an overall office vacancy rate of 42 percent.

Analyst’s Recommendation. The LAO recommends rejecting the funding for these positions until the OHS fills its current positions.

Staff Comments. The requested positions include, a grants manager, a staff counsel, an administrative unit supervisor, a budget officer, accounting officer, personnel specialist, procurement/contract position, and an information systems analyst. In the current year, OHS received \$355,000 to contract for administrative services related to fiscal services, information technology, and legal counsel. OHS indicates that it has contracted with the OES to provide these services.

The OHS indicates that it is seeking \$100,000 from the Antiterrorism Fund because that funding would provide funding for the following specifically ineligible costs not allowed under the federal funds: (1) construction or renovation costs; (2) general purpose vehicles and associated costs (currently OHS has three vehicles on loan from the Department of Justice; and (3) professional license/certification renewal.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends rejecting funding for the new positions.

Action

6. Establish the California Mass Transportation Security Grant Program.

Budget Request. The budget proposes \$5 million from the Antiterrorism Fund to fund a new program to assist local mass transit entities in improving the security infrastructure. The Antiterrorism Fund was created by Chapter 38, Statutes of 2002 (AB 1759, Wesson) following the terrorist attacks on September 11, 2001. The fund receives revenues from the California memorial license plates, which are estimated at \$1.2 million annually. Money from the Antiterrorism Fund has not been appropriated in past years, and the estimated available balance is \$5.4 million. The ongoing grant program would be \$1 million annually. The proposal requires trailer bill language (attached) to authorize OHS to use the entire Antiterrorism Fund solely for antiterrorism purposes. Under current statute, the fund is allocated (upon appropriation by the Legislature) one half to the Office of Criminal Justice Planning (OCJP), solely for antiterrorism activities, and one half to other agencies for antiterrorism activities.

Analyst's Concerns. The LAO notes that in 2005-06, California received approximately \$19 million in federal support for transit security and that a comparable level of federal funding is expected to be available to the state in 2006-07. Mass transit systems also are eligible recipients under many other federal homeland security grants. The LAO believes that the proposed program would only make marginal improvements, given the amount available and the identified needs. For example, the Bay Area Rapid Transit (BART) district estimates \$250 million in necessary security improvements. Spread statewide, the proposed \$5 million program would provide only minimal resources to address these demands. In some cases, however, additional funds would help provide some flexibility for activities that are ineligible for federal funding, like minor construction projects.

Analyst's Recommendation. The LAO recommends reducing funding by \$2.5 million to allow for other departments' homeland security needs. The LAO notes that the Antiterrorism Fund is the state's only dedicated fund source for homeland security activities. The monies can be used to fund activities that are ineligible for federal funding. The LAO believes that using almost the entire fund balance for a single program is inconsistent with the original intent of the fund – to address multiple departments' homeland security requests.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends (1) reducing funding for the program by \$2.5 million and (2) adopting trailer bill language that only substitutes reference in statute from the Office of Criminal Justice Planning to the Office of Emergency Services.

Action

Appendix

Proposed Trailer Bill Language

Issue #2
No RW yet.

Homeland Security – California Mass Transportation Security Grant

Section 5066 of the Vehicle Code is amended to read:

5066. (a) The department shall, in conjunction with the California Highway Patrol, design and make available for issuance pursuant to this article the California memorial license plate. Notwithstanding Section 5060, the California memorial license plate may be issued in a combination of numbers or letters, or both, as requested by the applicant for the plates. Any person described in Section 5101 may, upon payment of the additional fees set forth in subdivision (b), apply for and be issued a set of California memorial license plates.

(b) In addition to the regular fees for an original registration or renewal of registration, the following additional fees shall be paid for the issuance, renewal, retention, or transfer of the California memorial license plates authorized pursuant to this section:

(1) For the original issuance of the plates, fifty dollars (\$50).

(2) For a renewal of registration of the plates or retention of the plates, if renewal is not required, forty dollars (\$40).

(3) For transfer of the plates to another vehicle, fifteen dollars (\$15).

(4) For each substitute replacement plate, thirty-five dollars (\$35).

(5) In addition, for the issuance of an environmental license plate, as defined in Section 5103, the additional fees prescribed in Sections 5106 and 5108 shall be deposited proportionately in the funds described in subdivision (c).

(c) The department shall deposit the additional revenue derived from the issuance, renewal, transfer, and substitution of California memorial license plates as follows:

(1) Eighty-five percent in the Antiterrorism Fund, which is hereby created in the General Fund. *Upon appropriation by the Legislature, the money in the fund shall be allocated by the Controller to the Office of Homeland Security to be used solely for antiterrorism activities.*

~~(A) Upon appropriation by the Legislature, one-half of the money in the fund shall be allocated by the Controller to the Office of Criminal Justice Planning to be used solely for antiterrorism activities. The office may not use more than 5 percent of the funds appropriated to it for administrative purposes.~~

~~(B) Upon appropriation by the Legislature in the annual Budget Act or in another statute, one-half of the money in the fund shall be used solely for antiterrorism activities.~~

(2) Fifteen percent in the California Memorial Scholarship Fund, which is hereby established in the General Fund. Moneys deposited in this fund shall be administered by the Scholarshare Investment Board, and shall be available, upon appropriation in the annual Budget Act or in another statute, for distribution or encumbrance by the board pursuant to Article 21.5 (commencing with Section 70010) of Chapter 2 of Part 42 of the Education Code.

(d) The department shall deduct its costs to administer, but not to develop, the California memorial license plate program. The department may utilize an amount of money, not to exceed fifty thousand dollars (\$50,000) annually, derived from the issuance, renewal, transfer, and substitution of California memorial license plates for the continued promotion of the California memorial license plate program of this section.

(e) "Antiterrorism activities" means activities related to the prevention, detection, and emergency response to terrorism that are undertaken by state and local law enforcement, fire protection, and public health, and mass transportation agencies. The funds provided for these activities, to the extent that funds are available, shall be used exclusively for purposes directly related to fighting terrorism. Eligible activities include, but are not limited to, hiring support staff to perform administrative tasks, hiring and

training additional law enforcement, fire protection, and public health, and mass transportation personnel, response training for existing and additional law enforcement, fire protection, and public health, and mass transportation personnel, and hazardous materials and other equipment expenditures.

(f) Beginning January 1, 2007, and each January 1 thereafter, the department shall determine the number of currently outstanding and valid California memorial license plates. If that number is less than 7,500 in any year, then the department shall no longer issue or replace those plates.